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CONTRACT RETAINAGE SELF-STUDY

This Self-Study provides screen prints and procedures for processing contract retainages in ADPICS, using the contract retainage functionality. This Self-Study should be used as an introduction to the functionality, and is intended to supplement information contained in user documentation, and related training course materials.

This Self Study includes an overview of the contract retainage functionality and a description of retainage usage screens. An example of a contract retainage and the subsequent release of the retainage is also provided.

CONTRACT RETAINAGE PROCESSING FUNCTIONALITY

Certain contracts (i.e., purchase orders) require the State to retain a percentage of each payment related to a contract. This retainage is withheld to help protect the State against unsatisfactory services provided by a vendor. The retainage amount is recorded as a separate liability (retainage payable) and may be released (i.e., liquidated) anytime during the project, or once the project is complete.

The Purchase Order/Contract Writing and Direct Purchase Order Writing screens contain retainage percentage and amount fields. The retainage percentage field is used to enter the percent of the contract to be retained when payment is made.

The system will compute and retain (hold for future disbursement) the dollar amount of the retainage when processing a voucher, based on the retainage percentage entered on the purchase order or direct purchase order. This amount will be computed, based on the net voucher amount (voucher amount less discounts) and the retainage percentage. The retainage amount field on the purchase order or direct purchase order will reflect the retained dollar amount.

When the user wants to release all, or any portion of the retainage amount, a direct voucher will be processed. The direct voucher must reference the purchase order ID, and should be at the same account code level as the retainage vouchers. The total of all retainage releases against a purchase order or direct purchase order cannot exceed the amount that has been retained. If the State is never going to release the amount retained for a contract, a direct voucher will still be processed referencing the purchase order or direct purchase order. However, the interface type used will reference transaction codes that will credit a general ledger account that does not create a payment (e.g., expenditure, revenue).

If a credit memo is processed for a retainage voucher, the retainage payable balance will not be impacted. If the user desires to release a portion of the retainage payable transaction, a direct voucher will be processed referencing the purchase order ID, as described above.

Overview of Retainage Usage Screens

The Contract Retainage functionality includes the following screens:

```
PCHL2340 V4.1            ADVANCED PURCHASING/INVENTORY   MM/DD/YYYY  11:32 AM
 LINK TO:                PURCHASE ORDER/CONTRACT WRITING

 PO/CONTRACT ID  :             EFF DATE:           BID/AWRD:
 PURCHASING TYPE : PA    INTERFACE TYPE: PO        REQ/LINE:
 ACTION INDICATOR: N         MATCH TYPE:             BPO ID:
 ENCUMBRANCE AMT :               NOTE: N      SCHED/CALL:       /
 REMAINING VALUE :                            STATUS   :
 VENDOR/MAIL CODE:          /                 VEND CHG: N
 VENDOR NAME     :
 ADDRESS         :
         CITY:                          ST:   ZIP:          CTRY:
 P/O TITLE       :
                                             SERVICE DATE:
                         CONTRACT AMOUNT:            PRINT OPTION:
 FREIGHT CARRIER :       RETAINAGE AMT  :                  COPIES: 01
 CARRY FORWARD   : N     RETAINAGE PCT  :               PARE IND : N
 INSURANCE CERT  : N
 DELIVERY DATE   :       F.O.B. POINT   : DEST
 EXPIRATION DATE :       DISCOUNT TERMS : NET         SUBCONTRACTOR: N
 TRACK DATE      :       EXPEDITOR CODE :             TRACK CODE   :
 F1-HELP    F2-SELECT   F3-DELETE                F5-NEXT     F6-VIEW DOC
 F7-ADDRESS  F8-SEL TERMS F9-LINK     F10-SAVE   F11-VW ACCT  F12-PRINT
 G461 - RECORD DOES NOT EXIST, PLEASE TRY AGAIN
```

2340 Purchase Order/Contract Writing – The RETAINAGE AMT field is a system-generated field. The retainage amount will be calculated and retrieved from the associated voucher(s), when inquiring on an existing record. Entering a percentage in the RETAINAGE PCT field will result in the retainage being calculated and this dollar amount retained when a voucher is posted for the purchase order.

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```
PCHL2344 V4.1            ADVANCED PURCHASING/INVENTORY   MM/DD/YYYY  2:20 PM
LINK TO:                      PO/CONTRACT ACCOUNTING
                                INFORMATION SUMMARY

PO/CONTRACT ID :                        PURCHASE ORDER TOTAL :
_____

S SX AGY Y INDEX PCA   COBJ AOBJ GRANT PH PROJ  PH AG1  AG2  AG3       TOTAL




















F1-HELP      F2-VW ERROR                 F4-SFX RET   F5-NEXT
             F8-NEXT PG   F9-LINK                      F11-LIQD AMT
```

2344 Purchase Order/Contract Accounting Information Summary – To view retainage suffix accounting press < F4-SFX RET>. The system retrieves the remaining retainage amount for each suffix accounting line. The name of the function key also changes from Sfx Ret to Sfx Amt. Pressing the function key when labeled Sfx Amt retrieves the total dollar amount for each suffix accounting line. The name of the function key then changes back to Sfx Ret. This allows the user to toggle back and forth between the remaining retainage amount and the total suffix amount.

```
PCHL2360 V4.1            ADVANCED PURCHASING/INVENTORY   MM/DD/YYYY  2:09 PM
 LINK TO:                     DIRECT PURCHASE ORDER WRITING
 PO/CONTRACT ID  :              EFF DATE:
 PURCHASING TYPE : DA    INTERFACE TYPE: DP              DEPT: 042
 ACTION INDICATOR: N        MATCH TYPE:            WAREHOUSE:
 ENCUMBRANCE AMT :              NOTE: N        VENDOR CHG: N
 REMAINING VALUE :            STATUS:           CHANGE NO:
 VENDOR/MAIL CODE:          /                                      PRINT: N
 ADDRESS                                                        COPIES: 01
          CITY:                       ST:   ZIP:            CTRY:
 P/O TITLE     :
 RETAINAGE AMT   :             RETAIN PCT:            CARRY FORWARD : N
 FREIGHT CARRIER :        CONTRACT AMOUNT:            PARE IND     : N
 DELIVERY DATE   :        BPO/SCHED/CALL :            /      /
 EXPIRATION DATE :        F.O.B. POINT   : DEST       INSURANCE CERT: N
 TRACK DATE      :        DISCOUNT TERMS : NET        SUBCONTRACTOR : N
 DIST METHOD : S EXPEDITOR CODE :     TRACK CODE :    SERVICE DATE:
 SX AGY AY INDEX PCA    COBJ AOBJ GRANT  PH PROJ    PH AG1  AG2  AG3     PERCENT



 F1-HELP     F2-SELECT    F3-DELETE    F4-COPY      F5-NEXT      F6-VIEW DOC
 F7-ADDRESS   F8-SEL TERMS F9-LINK      F10-SAVE     F11-VW ACCT  F12-PRINT
 G461 - RECORD DOES NOT EXIST, PLEASE TRY AGAIN
```

2360 Direct Purchase Order Writing – The RETAINAGE AMT field is a system-generated field. The retainage amount is calculated and retrieved from the associated voucher(s), when inquiring on an existing purchase order record. Entering a percentage in the RETAIN PCT field will result in the retainage being calculated and the appropriate dollar amount retained when a voucher is posted for the purchase order.

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```
PCHL2402 V4.1              ADVANCED PURCHASING/INVENTORY    MM/DD/YYYY   2:35 PM
 LINK TO:            SECONDARY PURCHASE ORDER MAINTENANCE MENU


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            USE THE FUNCTION KEYS TO SELECT THE DESIRED FUNCTION:


              (1)  - DOCUMENT ACTIVITY TRACKING
              (2)  - CERTIFICATE OF INSURANCE
              (3)  - CONTRACT PAYMENT SCHEDULE
              (4)  - RETAINAGE SUMMARY
              (5)  - SUBCONTRACTOR ENTRY






              (CL) - EXIT


```

2402 Secondary Purchase Order Maintenance Menu – Selecting <F4>
RETAINAGE SUMMARY will access the 2405 screen - RETAINAGE SUMMARY
screen.

```
 PCHL2405 V4.1              ADVANCED PURCHASING/INVENTORY    MM/DD/YYYY   2:41 PM
LINK TO:                        RETAINAGE SUMMARY



        PURCHASE ORDER ID    :

        ENCUMBRANCE AMOUNT   :

        RETAINAGE AMOUNT     :

        RELEASED AMOUNT      :

        REMAIN RETAINAGE AMT :






F1-HELP                                          F5-NEXT
                    F9-LINK                                           LINK
```

2405 Retainage Summary – This inquiry screen allows the user to view
retainage information related to a purchase order.

CREATING CONTRACT RETAINAGES

This section explains the contract retainage functionality. There are several interface types for contract retainages. You must enter the appropriate interface type for your transaction, as follows:

RV   Voucher Payable/Retainage Payable   Used on voucher when PO includes a contract retainage percentage.

RW   Retainage Payable Liquidation   Used on DV when creating a retainage release and a warrant is issued to the vendor.

RX   Retainage Payable Liquidation   Used on DV when creating a retainage Expenditure Credit release, a warrant will not be issued, and the original expenditure was created in the current fiscal year.

RX   Retainage Payable Liquidation   Used on DV when creating a retainage Expenditure Credit release, a warrant will not be issued, and the original expenditure was created in a prior fiscal year. An adjusting entry will also be necessary.

Generation of a Contract Retainage

To generate a contract retainage, you must enter the percent of the payment to be retained in the RETAINAGE PCT data field of the 2340 Purchase Order/Contract Writing screen, or the 2360 Direct Purchase Order Writing screen, prior to posting the PO or DPO. This is the percentage that will be used to compute the retainage payable when processing a voucher for the PO or DPO. The system calculates the retainage payable as follows: Invoiced dollar amount minus any discounts, times the retainage percent, equals the retainage payable.

When a voucher is created for a PO or DPO that contains a retainage percentage, the user must enter the retainage interface type 'RV' in the INTERFACE TYPE field of the 1410 Voucher Header Entry screen. All other voucher data entry remains the same. When the voucher is posted, the system will calculate and retain

(hold back) the appropriate dollar amount, based on the percentage entered on the PO or DPO. The warrant will be issued for the net vouchered dollar amount, minus the retained dollar amount.

The RETAINAGE AMT field of the 2340 Purchase Order/Contract Writing screen, or the 2360 Direct Purchase Order Writing screen remains blank when the document is posted. After the associated voucher has been posted, this field will reflect the dollar amount of the retainage. When more than one voucher has been posted against the purchase order, this field displays the total retainage from all associated vouchers. Releasing all, or part, of a retainage does not decrease the dollar amount in this field. To view remaining retainages, see Remaining Retainage by Suffix Inquiry, later in this Self Study.

Release of a Contract Retainage

To release all, or part, of a contract retainage, you must create a direct voucher. To release the retainage, you must enter the retainage release interface type ('RW' or 'RX') in the INTERFACE TYPE field of the 1800 Direct Voucher Header Entry screen. You must also enter the last eight characters of the purchase order ID in the DOC RF NO field and '000' in the Suffix field. All other direct voucher data entry is the same.

A retainage release can be created for all, or part of the retainage. You cannot release a greater dollar amount than was retained. Partial retainages cannot total more than the total retained amount. To perform an inquiry to determine the dollar amount retained and/or released for a specific accounting line and/or purchase order, follow the inquiry instructions in the next section.

Release of a Contract Retainage Associated With a Credit Memo

When a credit memo is processed which contains a voucher or direct voucher with contract retainage, the associated retainage payable is not automatically liquidated. Therefore, users will need to do one of the following, after the credit memo is posted:

- If the retainage payable needs to be liquidated and the vendor should not be paid, process a direct voucher using Interface Type 'RX.' This will be the most common circumstance.

- If the retainage payable needs to be liquidated and the vendor should be paid, process a direct voucher using Interface Type 'RW.' This would be rare.

- If the retainage payable is liquidated and then a subsequent voucher or direct voucher is created for the PO or DPO, then the user will follow the normal procedures for processing retainage (if the vendor is going to be paid, then process a direct voucher using Interface Type 'RW'; if the vendor is not going to be paid, then process a direct voucher using Interface Type 'RX').

CONTRACT RETAINAGE INQUIRIES

One function key for access to retainage information by accounting suffix and one retainage inquiry screen are part of the contract retainage functionality.

Remaining Retainage by Suffix Inquiry

The remaining retainage dollar amount can be viewed from the 2344 Purchase Order/Contract Accounting Information Summary screen, which is shown on page 4. This screen can be accessed from the 2340 Purchase Order/Contract Writing screen, or the 2360 Direct Purchase Order Writing screen, by pressing <F11-Vw Acct>. It can be accessed from the 1410 Voucher Header Entry screen, or the 1800 Direct Voucher Header Entry screen, by linking (press HOME, enter 2344 in the Link To field, and press <F9-Link>.

When accessing the screen from the purchase order or direct purchase order header, the data will be retrieved. When accessing from the voucher or direct voucher header, enter the Purchase Order ID and press <ENTER> to inquire.

The system will retrieve the accounting information by suffix line. To view the remaining retainage amount for each suffix accounting line, press <F4-SFX RET>. The name of the function key changes to SFX AMT. Pressing the function key when labeled SFX AMT retrieves the total dollar amount for each suffix accounting line, and the name changes back to SFX RET. This allows you to toggle back and forth between the remaining retainage amount and the total suffix amount.

Additional pages of accounting suffix lines can be viewed by pressing <F8-NEXT PG>.

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Retainage Summary Inquiry

The 2405 Retainage Summary screen is accessed from the 2402 Secondary Purchase Order Maintenance Menu.

To access the Secondary Purchase Order Maintenance Menu from the 0000 Main Menu, select <F2> Procurement Transactions Menu. From the 2000 Procurement Transactions Menu, select <F8> Secondary Purchase Order Maintenance Menu. From the 2402 Secondary Purchase Order Maintenance Menu, select <F4> Retainage Summary.

```
PCHL2405 V4.1            ADVANCED PURCHASING/INVENTORY    MM/DD/YYYY   2:30 PM
 LINK TO:                         RETAINAGE SUMMARY



          PURCHASE ORDER ID    : 472PY000946

          ENCUMBRANCE AMOUNT   :

          RETAINAGE AMOUNT     :

          RELEASED AMOUNT      :

          REMAIN RETAINAGE AMT :




 F1-HELP                                            F5-NEXT
                     F9-LINK

```

The system accesses the 2405 Retainage Summary screen

- To view a summary of a purchase order's retainage information, enter the **Purchase Order ID** and press <ENTER>

```
 PCHL2405 V4.1            ADVANCED PURCHASING/INVENTORY    MM/DD/YYYY   4:34 PM
 LINK TO:                       RETAINAGE SUMMARY



         PURCHASE ORDER ID    :  472PY000946

         ENCUMBRANCE AMOUNT   :       12,000.00

         RETAINAGE AMOUNT     :        1,000.00

         RELEASED AMOUNT      :          500.00

         REMAIN RETAINAGE AMT :          500.00




 F1-HELP                                            F5-NEXT
                      F9-LINK
 G008 - NEXT RECORD FOUND
```

The system retrieves a summary of the following retainage information:

Encumbrance Amount	The total dollar amount of the purchase order, based on the purchase order ID entered.
Retainage Amount	The total dollar amount of the original retainage, based on the purchase order ID entered.
Released Amount	The total dollar amount that has been released from the original retainage, based on the purchase order ID entered.
Remain Retainage Amt	The system calculates and retrieves the remaining retainage dollar amount, which is the difference between the retainage amount and the released amount, based on the purchase order ID entered.